

# **VETERANS & SENIORS COMMITTEE**

## **Of the**

## **Suffolk County Legislature**

### **Minutes**

A regular meeting of the Veterans & Seniors Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, 725 Veterans Memorial Highway, Smithtown, New York, on March 30, 2006.

#### **Members Present:**

Legislator Steven H. Stern, Chairman

Legislator Jack Eddington, Vice•Chair

Legislator Cameron Alden

Legislator John M. Kennedy, Jr.

Legislator Elie Mystal

#### **Also In Attendance:**

Presiding Officer William J. Lindsay

George Nolan, Counsel to the Legislature

Ian Barry, Assistant Counsel to the Legislature

Verna Donna, Budget Review Office

David Peskin, President and CEO of Vertical Land  
Deborah Harris, Aide to Legislator Stern  
Holly Rhoades•Teague, Director/Office for the Aging  
Tom Ronayne, Director of Veterans Service Agency  
Brian Beedenbender, County Executive's Office  
Paul Arfin, Chairman of the Suffolk County Creative Retirement  
Greg Fischer, Americans For Legal Reform  
Frank Ciorra  
John McGrath, Family Law Reform NOW.org  
All Other Interested Parties

**Minutes Taken By:**

Diana Kraus • Court Stenographer

**Minutes Transcribed By:**

Kim Castiglione, Legislative Secretary

**(THE MEETING COMMENCED AT 9:24 AM)**

**CHAIRMAN STERN:**

Suffolk County Legislators on the Committee of Vets and Seniors will come to order. Jack Eddington will lead us in the Pledge.

**(Salutation)**

**CHAIRMAN STERN:**

Will everybody please remain standing as is the tradition with our committee, if we can all take just a moment of silence in keeping your thoughts and prayers with all of our very brave young men and women who are fighting for us overseas.

**(Moment of Silence)**

**CHAIRMAN STERN:**

Thank you. Good morning, everybody. Thanks so much for being with us today. We have a pretty good size agenda for our committee today. But first up on the agenda, the public portion, and I know that we have a couple of people who would like to speak this morning. Paul, you want to start us off?

**MR. ARFIN:**

Good morning. My name is Paul Arfin and I'm here today as the Chairman of the Suffolk County Commission on Creative Retirement. I'm particularly here to support a memorializing piece of legislation that is before you this morning. That is a bill which Assemblyman Englebright has sponsored in the State Assembly and Senator \\_Golden\\_ has cosponsored in the Senate.

Basically what it does is enables localities, it's enabling legislation that enables localities to establish senior property tax work off programs. It is an initiative that really started here in Suffolk County. The Commission on Creative Retirement studied this and found a project successfully operating in the State of Massachusetts and brought it to the attention of Assemblyman Englebright who brought it forth.

I think what's important, particularly for you, is that it leaves all key decisions up to localities. So support, or memorializing I should say, this legislation does not obligate a county, a town, a village, to any decisions of spending money or any policies involved in the program. It basically is enabling legislation. And it's very, very timely in the Commission on Creative Retirement's opinion because more and more older adults according to many, many studies, the Met Life Study, the Merrill Lynch Study and other studies indicate that more and more older people have intentions of getting involved in public service during their retirements.

And so to provide a tax incentive for their public service I think is very much in the public good. How much that incentive is, what kind of work would be done, and the amount of time to be involved and all of that would be left to the locality. So, again, I'm here just to support and thank the Chairman for bringing this memorializing legislation to your attention. Thank you.

**CHAIRMAN STERN:**

Thank you, Mr. Arfin. Next speaker during our public portion, Greg Fischer. Welcome, Mr. Fischer.

**MR. FISCHER:**

My name is Greg Fischer. I'm from Calverton. I represent Americans for Legal Reform. I'm going to request a memorializing resolution for Assembly Bill 10436. And what that bill is, it provides the issue •• that the issue of military deployment shall not be considered as a factor in awarding custody in marital actions.

What's happening is our men and women are going overseas and they come back to a heroes dinner of missing children, legal bills, and child support and they're unable to defend themselves while they're deployed. And, in fact, sometimes deployment itself is being considered grounds as neglect, abandonment, etcetera. So this bill is to make it so that military deployment is not at issue in custody matters. They're serving their duty. If they would choose not to serve their duty, torn between being with their family and honoring their commitment, they would be serving \\_Levinworth\\_ . So there really is no choice at all. And as well we would expect that we would support our troops in fulfilling their commitment.

This bill already has 44 signers on it. At this moment all of them are Republican. But it's proposed by Assemblyman \\_McDonald\\_ and already signed•off as a cosponsor by the •• Mr. \\_Tedisco\\_ , the Minority Leader. It's very recently introduced, but I would ask again for a memorializing resolution to protect these servicemen on Assembly Bill A10436. I have a copy I'll submit for the record, please. Very important legislation.

The second bill as •• actually there is a memorializing resolution that has just been introduced into the Ways and Means Committee presented by Majority Leader Cooper. It is to memorialize A330, which is commonly known as the presumption of shared parenting bill. This bill, and reading from the bill directly, "establishes the presumption in a matrimonial proceeding for awarding shared parenting of minor children in the absence of an allegation that shared parenting would be detrimental to the best interests of the child."

Thirty•eight states already have this law. New York is not one of them. All of the 38 states that have this law, in all off them there isn't one state that is looking to repeal that law. In all of the states that don't have the law, there are grass action efforts to put the law in, and that includes New York.

It's proven in every study, and over 250 studies, that shared parenting is in the best interest of the child. And it's always proven that lack of shared parenting causes actual harm. We have a dramatic increase in teenage pregnancy, which is, of course, a tremendous burden to the families and to the state. We have a dramatic increase in drop•outism, which, of course, is damaging to the individuals and to our constituency, our tax base. We have a dramatic increase in criminal behavior of all kinds, drug abuse goes up three times, suicide doubles. It brings in a whole flood of social ills, losing that extra set of eyes on children.

So I would ask that when this matter comes before the Legislature at large that it gets your affirmative vote and unanimous vote. Thank you.

**CHAIRMAN STERN:**

Thank you. Thank you. If you can just hold on just one moment. Legislator Mystal.

**LEG. MYSTAL:**

Do you know what their positions are on the first bill you talked about and why?

**MR. FISCHER:**

What the what? Oppositions?

**LEG. MYSTAL:**

Where is the opposition? What are the reasons for opposing that bill, the first one that you're talking about, the one ••

**MR. FISCHER:**

Okay. Yes. On the first one I'm really not sure because it seems a very obvious legal issue if they've been ordered to deploy, that there is no legal

choice. There is no sign of unfitness, but because New York doesn't have a shared parenting law, going into the second issue, what they •• what has been perverted over time in the family court is they take the premise, which is supposed to be best interest of the child, and they've converted that into best parent for the child and they say, well, this parent is gone. They're gone, they can't possibly be a parent, so they exclude them. And what happens when parents get excluded is they don't have the right to look at medical records. When they are made non•custodial with no rights they can't look at medical records, they can't look at school records, they can't do anything. They show up at the kids playground, you know, after school without scheduled visitation and they are technically doing something wrong.

So the two things kind of go hand in hand, the shared parenting issue and the military deployment protection.

On the shared parenting issue, this comes out of a 20 year argument, actually, and the bills were different before than they are now, but what's happening is we are still seeing the same arguments from 20 years ago. Twenty years ago some of the arguments were very strong about having parents involved. Well, we obviously don't want unfit parents involved. We don't want junkies to be parents. We don't want perverts to be parents. We just don't want that, right, so it's not •• we are not forcing shared parenting. It's a presumption. And if there is any allegation, and that's what the bill says, any allegation, it is out, the judge gets to decide. But for fit parents who have earned respect and deserve an expedited process through the court, that's what this bill is for, the shared parenting bill.

In addition, we see in the news about all these children being killed, just killed. And the reasons for that, and I went to the Children and Families Committee meetings in New York City and testified. And Legal Aid gets up and says we have to do 300, 350 cases a year. We can't see all these cases, it's impossible, we need our budget increased. And everybody got up, you know, saying they need their budget increased. The social workers, everybody, wants a budget increase. Well, it is probably not going to happen and certainly Legal Aid is not going to get their budget tripled. Not going to happen. You know, maybe they'll get a 10% increase or something like that. In Massachusetts they have a statutory cap that limits Legal Aid

lawyers to 90 cases a year. Not 300 •• you can't do 300 cases a year. It is physically impossible, so somebody is going to get hurt and people are dying.

So what we're proposing is if shared parenting is adopted we can now provide an expedited track for fit families. No allegation of unfitness at all. We can provide that expedited track for what we know will be fit parents. And those resources can be shifted to the high risk cases. It's still not a perfect solution, they probably still need money, but at least we're doing good government, we're taking resources out of where they're not needed and putting them where they are needed.

So the old 20 year argument was oh, they are trying to make everybody be parents. That's not the case and it's not this bill. This bill is •• if there is any allegation whatsoever, abuse, neglect, anything, it goes to the judge. It doesn't apply to this. This is for just fit parents.

**LEG. MYSTAL:**

Thank you.

**MR. FISCHER:**

Thank you.

**CHAIRMAN STERN:**

Mr. Fischer, Thank you.

**MR. FISCHER:**

Thank you, Sir.

**CHAIRMAN STERN:**

I have no other cards. Was there anybody else who wanted to speak as a part of the public portion? Seeing none, we'll move on to the next item on our agenda, which is a welcome to our guest this morning, Mr. Peskin; David Peskin of Vertical Land and Senior Lending Network, who is going to speak to us today about understanding the impact of reverse mortgages, a growing issue particularly for those of us who work with seniors and their families here on Long Island. Welcome, Mr. Peskin.



**MR. PESKIN:**

Thank you. I want to thank you for allowing me to speak today.

**MS. MAHONEY:**

You have to use the mike.

**MR. PESKIN:**

Do I need the mike?

**PRESIDING OFFICER LINDSAY:**

Yes.

**MR. PESKIN:**

Okay. There we go. Thank you. So I want to thank you for allowing me to speak today about such an important financial product. Reverse mortgages can literally help millions of seniors all cross the country. Seniors like Carole, from Baldwin, New York, who about a year and a half ago lost her husband and was left with a large mortgage balance, large monthly mortgage payments, and increasing real estate taxes. More importantly, she had a house that was in much need of repair.

Unfortunately, with her low income she found herself getting closer and closer into foreclosure.

About a month and a half ago she reached out to us questioning about a reverse mortgage, and about two weeks ago we were able to close on her reverse mortgage, allowing her to wipe out all of her monthly payments, pull equity out of her home to do the home renovations she needs, but most importantly was able to not have to make another monthly payment again as long as she lives in that home. When she was ready to walk out of the closing she told her loan officer that she felt like her life was starting all over again.

Currently there is a cap on the number of reverse mortgages that are allowed in the country today. And if we don't remove the cap on the number of reverse mortgages, personally I think that seniors all across the



country are going to lose a tremendous benefit such as a reverse mortgage.

I'd like to walk you through a quick presentation about reverse mortgages. As Legislator Stern, mentioned I'm the COE of Vertical Lend and Senior Lending Network. I'm currently also a board member of the National Reverse Mortgage Lenders Association as well as I service on the Legislative Committee for NRMLA.

Just a quick background on Senior Lending Network. You might have seen our commercials on television with Robert Wagner. He is our spokesperson. We offer free educational videos to seniors all across the country. We currently have mailed out over 500,000 reverse mortgage videos talking about the power of a reverse mortgage at which point we connect them to lenders all across the country who can help them in benefiting from that reverse mortgage.

The average person who calls is around •• in age of 74 years old, 58% of them which are male and 42% of which are female. We're seeing an average mortgage balance of about \$65,000. Now, the senior marketplace right now is clearly the fastest growing segment of the mortgage financial services industry. The main reason for that is because of the reverse mortgage product.

What I'd like to do is quickly walk you through what a reverse mortgage is and how it works. A reverse mortgage allows seniors 62 and older to pull equity out of their home without making any monthly payments. The money •• the proceeds they remove from their house are tax free. Again, you don't have to make any monthly payments until you permanently leave the house. This is a HUD insured loan, which means that in the event that the equity •• there is not enough equity to pay off the house, meaning that the loan balance exceeds the value of the home, HUD will reimburse the lender. Also, as I had mentioned, the proceeds could be used for anything.

Now, when you compare a reverse mortgage to a traditional mortgage, when you pull equity out of your home, as we all know, you need to make monthly payments. With a reverse mortgage you could pull equity out of your home and you do not have to make any monthly payments until you

leave your home.

A common question is, well, what is the difference between a reverse mortgage and a home equity line of credit. Well, with a home equity line of credit, you pull equity out of your home, you have to start making monthly payments. This is where we find seniors get themselves into trouble. They keep borrowing, keep borrowing and keep borrowing until a point they can't borrow any more and then they can't pay back the loan. This is why we see a high foreclosure rate with seniors today.

If we look at a typical seniors life in our home over five •• 15 years, you can see on the left side the blue, represents what they have in their savings. And the right side represents what they're •• the home equity in their house. You can see clearly there is an increase over time in the equity of the home, however, the savings account usually doesn't increase. What a reverse mortgage allows you to do in theory is just take the equity out of your home and make it liquid versus illiquid, again, leaving you without any monthly payments.

So now, why is there such an increase in popularity with a reverse mortgage. Well, I think we all know that health care costs continue to rise. We are seeing more and more press each and every day, making it a more acceptable product. Everyday costs in general are continuing to rise, including real estate taxes. More and more people are living to be into their 70's and 80's today and that will continue. ARP did a study that 85% of seniors want to remain in their home and it's a much better option than them to sell. They can pull the equity out of their house, they can remain in their house and benefit still from the appreciation on their house versus paying rent and running out of their savings. What's interesting is that the seniors own the majority of the houses across the country, but yet they have the lowest median income.

So let's talk about some common misconceptions about this product. The lender takes the home away. That's not true. You still own your house as if you do a first lien position. You're still on the title. And you can't be thrown out of your house for foreclosure because you don't make any monthly mortgage payments. The only thing you're responsible for are your taxes

and insurance. And, again, you can't owe more than the house is worth, therefore, you don't leave any debt to your heirs in the event that the house goes down in value and is less than the mortgage balance itself.

Some common uses for reverse mortgage are health care costs, repay existing debt, reduce the burden on their children, and home improvement. And by the way, we are seeing a lot of caregivers starting to look at this product today as a way to help their parents out so they can take the responsibilities off themselves.

Now, qualifying for a reverse mortgage is actually rather simple. Both •• anybody on the mortgage must be at least 62 years or older. You have to obviously own the home, and you have to have somewhat of a minimal mortgage, you have to be under the FHA lending limit. And there is no income or credit check whatsoever. So in theory you can be in foreclosure, you don't have to have a job, it is purely equity based.

Now, when we talk about how we determine what the loan amount is for a borrower, we base it on what the current interest rate is, their age, the value and location of their home, meaning the FHA lending limit in the area, as well as what the balance is on their mortgage to determine how much equity there is left in. Now, it's based on 100 year life expectancy, so the older you are, the more money you can qualify for.

**CHAIRMAN STERN:**

I'm sorry. Just one moment. Legislator Mystal.

**LEG. MYSTAL:**

I'm sorry to interrupt you. But something just caught my attention in your presentation. I was under the impression that •• you said minimum mortgage. What if your house is paid for? Do you have to go and get a mortgage to qualify for this?

**MR. PESKIN:**

It's an excellent question. You can either •• I'm going to actually get into that in a second, but you can either have no mortgage balance and pull equity out of the house, or if you have a mortgage balance in theory you can

pay off that mortgage balance, and I am going to walk you through that in a minute but that's a great question.

There are three types of reverse mortgages today. However, over 92% of all reverse mortgages are FHA loans today. There is a \\_fanny mae\\_ loan as well as a proprietary products through \\_Leimann\\_ Brothers, but as a securitization market opens up this product will continue to grow as well, and that will happen.

So, what are some of the responsibilities of a borrower. Well, before you can even get a reverse mortgage you must attend the counseling through an FHA for \\_fanny mae\\_ approved counselor. You have to just maintain your property and you have to pay your taxes and insurance and you can also use the reverse mortgage to pay for your taxes and insurance.

Now, to answer your question, how can a reverse mortgage be used, how are the proceeds •• how can you receive the equity out of your home. Well, you can receive a lump sum where you can either pay off the mortgage balance on your home or if you have no mortgage balance you can pull equity out of the home as one lump sum. Again, no, monthly payments. You can receive a payment for the rest of your life, almost like an annuity payment where you're given a lump sum •• an amount that you know you are going to receive for the rest of your life.

For example, we had a client that was in our office last week, a husband and wife. The husband was about 15 year older than his wife and said that the reason I'm doing this is to make sure that my wife is taken care of. I don't want to have to worry about that if I pass away. She is going to receive a payment for the rest of the time that she is in this home.

You can receive a term payment, which means a specific period •• payment for a specific period of time, or a line of credit. You don't have to borrow anything today, but when you borrow the money is when you'll actually incur the interest, but not make any monthly payments. And there is a combination also. So in essence you could pay off a \$50,000 loan and have a line of credit for \$50,000 and access whenever you need it.

Now, as I mentioned earlier, the proceeds can be used for anything, including health care. It is commonly now being used and looked upon for long-term care insurance. Obviously for travel and for children, college expenses, things of that nature. Now, a reverse mortgage is very safe. It allows the borrower to remain on the title. The debt does not pass on to their heirs and the borrower will never owe more than the loan balance •• I'm sorry, than the value of the property. And, of course, it is strictly regulated.

Now, let's take a look at some statistics here. Six thousand Americans will turn 65 every day. By 2035 it is anticipated that •• anticipated that 70 million people in the US will be 65 or older. Currently there is 23 million senior homeowners who have over three trillion in home equity, and reverse mortgage can be •• is said that it can help 13.2 million seniors pay for long-term care insurance. And as you can see by this graph here that the life expectancy at birth will continue to grow. People will live to be older •• more people will live to be older and older as the years go by.

Now, as the cost of living and medical expenses are increasing, we all know that the subsidies for seniors are being cut. This is why we think the reverse mortgages can really help seniors. And there is a lot of press that is going on right now as you can see just by the list here. We're seeing press almost every day, and good press, too.

Now, the Deficit Reduction Act was introduced and was •• cut spending by over 39 billion dollars on Medicaid and Medicare. So where NRML, which is National Reverse Mortgage Legislation, anticipates that a reverse mortgage can obviously be used to help seniors with home health care. And if we take a look at this graph here on the left side, as I had mentioned, there is over 23 million seniors that can qualify, but less than two-tenths of a percent have a reverse mortgage today. Less than two-tenths of a percent. And the number of reverse mortgage continues to grow.

The upside, obviously, is that here the seniors can bring money back into local economy. When you give them the ability to have positive cash flow on a monthly basis, they are going to go out and start spending again, travel, start shopping, pass on money to their children. They no longer need



to sacrifice their quality of life. Seniors, unfortunately, sacrifice their quality of life so that they can remain in their home. Also, it allows •• a reverse mortgage would reduce the demand for health care by the government because it could help fund long-term care or other health services.

However, we're capped. The number of reverse mortgages that are allowed today are 250,000. It is anticipated that in the next 12 to 24 months we would exceed that number. This is why we need your support of this important bill to improve the financial health of seniors.

Thank you for allowing me to speak and I'm happy to answer any questions if there are any.

**CHAIRMAN STERN:**

Mr. Peskin. Thank you. Legislator Mystal.

**LEG. MYSTAL:**

What the rationale for the cap?

**MR. PESKIN:**

That's a good question. I'm not understanding the rationale on all that either. I guess originally the concern was could there be an issue if home values did decline and HUD had to pay lenders for the loss of equity in the home. However, today there is over a fifty million surplus •• 50 million dollar surplus. Additionally, you are in a situation where they're collecting not only on a two percent premium upfront with every reverse mortgage they close on the value of their home, but a half a percent premium per year on the reverse mortgage. So it looks like they actually, with the fifty million dollar surplus, are going to actually cut back on the charges.

I was just at a NRML conference in Denver two days ago and HUD came in and announced that they are looking to reduce the cost because they have a tremendous surplus. And the government is making a lot of money on this product today. It already passed Congress. They did remove the cap, and now it needs to go to Senate.

**LEG. MYSTAL:**

When they removed the cap, did they increase by what? They increased it by 500,000 or ••

**MR. PESKIN:**

We're hopefully going to look to remove the cap so that there is no cap. Right now there is no cap on a traditional FHA loan. There is really no reason to have a cap on a reverse •• the number of reverse mortgages in the country today.

**LEG. MYSTAL:**

Thank you.

**CHAIRMAN STERN:**

Legislator Kennedy.

**LEG. KENNEDY:**

Thank you. It's a very informative presentation. Just a couple of questions, I guess, about the particulars associated with the product. One of the criteria says that I guess the provisions with the mortgage remain in place as long as the borrower remains in their home. What happens in a situation where you have somebody who no longer is able to go ahead and live independently and winds up having to go ahead and transition into an assisted living facility, into a nursing home, or some other type of long-term care placement where it's fairly certain they're not going to return to the dwelling? Is the payback provision still suspended or do they kick in?

**MR. PESKIN:**

Yeah. Good question. Assuming they can't have in home health care where they are provided and they need to move out, they have up to 12 months, and it can be extended, to satisfy the mortgage. Meaning either (a), sell the home and then take whatever equity is left, or pass the house on to their heirs who can then take over the mortgage as well. If for some reason they feel they can return back to their house in 12 to 18 months, then there is no reason to have to pay off the reverse mortgage.

**LEG. KENNEDY:**

Okay. That piece I understand. But transfer of title •• in other words, if a



qualified senior borrowers is in title, they become placed, it's going to be in essence long-term placement, multi-year placement, they can convey title to other family or do ••

**MR. PESKIN:**

Yeah. Basically they own the home. So it's no different than a traditional mortgage where they can convey the title. However, once the title is conveyed, the children would have to, assuming it was the children, would have to then pay off that mortgage.

**LEG. KENNEDY:**

It triggers an obligation to go ahead and pay and pay lump sum.

**MR. PESKIN:**

That's correct. And you have anywhere from 12 to 18 months to do so.

**LEG. KENNEDY:**

All right. What's the average cost associated with the borrower as far as getting into a product like this?

**MR. PESKIN:**

The average costs, well, around 4 1/2 to 5% is what we're looking at on average. HUD is charging an upfront premium of 2% and the lender has a 2% fee. There are no upfront costs, meaning there is nothing out of the senior's pocket other than an appraisal of 275 to 350 dollars.

**LEG. KENNEDY:**

It's rolled into the loan.

**MR. PESKIN:**

Everything else is rolled right into the loan and it will be paid off when the loan is satisfied.

**LEG. KENNEDY:**

But there's four points on origination?

**MR. PESKIN:**

Well, two percent goes to the government, that's correct.

**LEG. KENNEDY:**

Okay.

**MR. PESKIN:**

And, again, if you look at •• we did some analysis and we looked at seniors ten years ago who got themselves into a reverse mortgage, incurred the cost of the reverse mortgage, but by not having to selling their home, enjoyed the appreciation of their home over the last ten years and paid for the 4% by over a 150%.

**LEG. KENNEDY:**

Real estates escalate at 10% per year, obviously, I mean, as far as the math goes.

**MR. PESKIN:**

Right.

**LEG. KENNEDY:**

But my question is just, you know, in a spirit of understanding, comprehending when you are talking about different strategies, it is always what's the cost to go ahead and borrow.

**MR. PESKIN:**

Sure. And in this case •• by the way, the interest rate is a very low interest rate as well. It's based on T bill plus one and a half. So right now you are looking at 5 1/2, 6%, which if you look at an average 30 year fixed mortgage it is much higher than that right now.

**LEG. KENNEDY:**

So •• and that's all deferred. In other words, if this product remains in place for let's say a ten year time period, on 100 grand borrowed you are going to have ten years worth of interest at whatever it is, 4 1/2, 5%.

**MR. PESKIN:**

Right.

**LEG. KENNEDY:**

To satisfy at the end of the ten year period, principle plus interest.

**MR. PESKIN:**

Exactly. Everything would be deferred until you sell the house.

**LEG. KENNEDY:**

Thank you.

**LEG. ALDEN:**

Mr. Chairman.

**CHAIRMAN STERN:**

Yes. Legislator Alden.

**LEG. ALDEN:**

I think it was yesterday or the day before, in the Wall Street Journal there was an interesting article on reverse mortgages, but they went into a little bit more in depth of what the negative side would be. And including any government there is some penalty type provisions that are built into this because it is a subsidized type of mortgage. I'll try to get the article for you because it •• then you'll see the, you know, like the balance because there are some negatives, I think, to it, but ••

**LEG. KENNEDY:**

Well, I would appreciate it. Yes. I mean, I'm familiar with it. I have seen it. I know it has been around for quite some time, but obviously, you know, in an effort to go ahead and do planning, you want, you know, constituents, borrowers, or anybody to go ahead and have a full comprehension of what's involved.

**MR. PESKIN:**

Yeah. Actually, there was another article in Money Magazine. It's in the current issue. They talk about positives and negatives. Clearly, you know, just like any loan, it has to make sense for the borrower. And while there is

upfront costs, if you are only going to be in the house for a year or so, it doesn't make sense to do a reverse mortgage. This is for somebody who has the intent of staying in their home for some time. And, you know, this is where somebody has to do an analysis of whether or not it makes sense for a senior to do a reverse mortgage.

**CHAIRMAN STERN:**

But much of that information can come when the senior who is applying for that type of mortgage is sitting down and meeting with representative of FHA or someone independent.

**MR. PESKIN:**

Yeah. This is exactly why they have to go to counseling first. This is not where in the forward mortgage salespeople can just kind of abuse the senior. The counselors will actually take the time, which is mandatory, they have to receive a certificate, to sit down with the seniors and explain to them everything. And they will tell them whether or not they think the product make sense. So, I think that there is obviously some protection here for the seniors to understand what they are getting themselves into.

**CHAIRMAN STERN:**

You had mentioned that there's some kind of a calculation that goes into just how much seniors will be able to look to the home and get out in the form of a reverse mortgage. Can you take us through how that is calculated? I think you also mentioned that it is somewhat regional in how that is determined.

**MR. PESKIN:**

Yeah. Right now ••

**CHAIRMAN STERN:**

Take us through how the lending institution makes that determination.

**MR. PESKIN:**

Well, first we start with what the FHA lending limits is in the area and it goes by county. In New York I believe it's about 363,000 is the FHA lending

limit. Unfortunately, other areas in the country we're as low as 160,000. However, there are still high home values. What it is based on is your age. The older you are the more you qualify for. So in theory, what they'll look at is the FHA •• assuming your house is worth \$500,000 for argument's sake, and the FHA lending limit is 363,000. They'll base it on the 363. So you might be looking a 50% of that or 180,000 is what you would qualify for. So if you had a \$100,000 mortgage balance, in essence you can wipe out the 100,000 and then receive up to another 80,000 in some form, whether it be monthly payments, whether it be a lump sum, however you want that.

And again, there is no income or credit check. Unfortunately, seniors who are applying for mortgages today, for a traditional mortgage they are having a very, very difficult time pulling equity out of their house because they cannot qualify because they are living off of social security income.

**CHAIRMAN STERN:**

Mr. Presiding Officer.

**PRESIDING OFFICER LINDSAY:**

If you're not making any payments at all, doesn't the interest compound as the years go on?

**MR. PESKIN:**

Sure. The interest will compound. Additionally, though, the money that you are not using to make any payments with will sit in your bank and earn compounding interest as well. Again, it just depends on what you are doing with the money. You have at least a liquid asset. Also, your house is compounding in value as well.

**PRESIDING OFFICER LINDSAY:**

So if you borrowed \$100,000 at a 6% rate, simple math, you'd owe 106,000 the second year?

**MR. PESKIN:**

Correct. Right. And you're not making any monthly payment. So in essence, if you looked at your savings account on a traditional mortgage,

that same 6,000 would have had to come out of your savings account. So now it gets to stay in your savings account. It gives you liquidity. It gives you the ability to live a much better life•style.

And, you know, for the most part, again, seniors want to remain in their home and this allows them to do that and enjoy the benefit hopefully in a nice appreciation on their house. We have seen too many situations where they have had to sell their homes, rent, live off their savings, and then eventually run out of their savings or eventually go into a nursing home.

**CHAIRMAN STERN:**

Which, I think, is particularly important for our region as the values of homes continue to climb and seniors aren't making any more money in their social security or pensions.

**MR. PESKIN:**

That's right.

**CHAIRMAN STERN:**

But desperately want to remain in the area, have to look to some source of equity, some source of an asset to be able to sustain their quality of life here in our area.

**MR. PESKIN:**

Absolutely. I mean, you know, real estate taxes as we all know are not going down. So, it's becoming more and more difficult to live.

**CHAIRMAN STERN:**

Mr. Presiding Officer.

**PRESIDING OFFICER LINDSAY:**

Because of compounding, so your debt would like double every seven years, is that about right? Eight years?

**MR. PESKIN:**

I mean, the debt is obviously going to build on what the balance of the loan is. I wouldn't say it would double, but I would tell you that obviously it's

going to increase at a faster pace. But again, depending on what you are doing with the capital that you are no longer using to pay the monthly payment, you might be compounding on that as well. It's no different than a credit card.

**PRESIDING OFFICER LINDSAY:**

Compounding about seven years.

**LEG. ALDEN:**

Yeah. About 6.5 at 6 percent.

**MR. PESKIN:**

It's the same as a credit card. That's kind of how you •• now, of course, there's a tax deduction at the end when you pay off the loan on the interest that you paid.

**LEG. ALDEN:**

You're dead.

**MR. PESKIN:**

Right. Well, of course, it can •• you know, assuming you're leaving the house to your heirs, there'll be more equity for your heirs at the end.

Now, when you look at a reverse mortgage also, there's a •• you can take out just monthly payments. So if you don't need 100,000 today, then you are better off •• structure it that you get an annuity payment because you'll incur a lot less interest on the smaller payments. So for arguments sake if you are taking \$800 out a month, even at 6% we're not talking about a lot of money on a monthly basis. By the end of the year you are only talking a few hundred dollars. Whereas if took \$100,000 out, you are going to incur a lot more interest. If you are not using the money, it's not worth it. This is where somebody needs to really sit down and kind of have a better idea of how the senior should be using those proceeds.

**CHAIRMAN STERN:**

Legislator Mystal.



**LEG. MYSTAL:**

One last question. Can you ever pay it off just like you pay off a mortgage? Let's say my children call me and say Dad, I'm going to do you a favor for putting me through school. I'm going to pay off your loan. Can you do that? Can you pay off the loan?

**MR. PESKIN:**

Absolutely. At any time you can pay off the loan. There's no penalties at all. You can pay off the loan any time. If you won the Lotto, you can pay it off the next day.

**CHAIRMAN STERN:**

Okay. Very good. Mr. Peskin, thank you so much for being with us today.

**MR. PESKIN:**

Thank you for your time.

**CHAIRMAN STERN:**

Good to see you.

**MR. PESKIN:**

And there's copies of the presentation here for anybody who would like.

**CHAIRMAN STERN:**

Very good.

**INTRODUCTORY RESOLUTIONS**

**CHAIRMAN STERN:**

Okay. Going forward in the agenda. Next up is Introductory Resolutions. Introductory Resolution ***1324 (Adopting Local Law No • • 2006, A Local Law expanding veterans alternative real property tax exemption)***. A local law that's going to be subject to a public hearing. Motion to table.

**LEG. ALDEN:**

Second.

**CHAIRMAN STERN:**

Motion by Legislator Alden, second by Legislator Eddington, to table.

**(Vote: 6/0/0/0)**

Introductory Resolution **1378** (***Approving the reappointment of Arlene Stevens as a member of the Senior Citizens Advisory Board***). Do I have a motion?

**LEG. EDDINGTON:**

To approve.

**CHAIRMAN STERN:**

Motion to approve by Legislator Eddington.

**LEG. KENNEDY:**

Second.

**LEG. ALDEN:**

I'll second it. I'll second it for the purpose of discussion. I just have a question. Is anybody here from the Senior Advisory Board? Do you sit on it, Holly?

**MS. RHODES•TEAGUE:**

Yes.

**LEG. ALDEN:**

Just, you know, basic questions. Does she attend, does she participate, does she want to, you know, stay on the board? Through the Chair. I'm sorry.

**MS. RHODES•TEAGUE:**

All three members that are up •• that are on here, they do attend meetings. They are active in the community and they do participate. They're involved in senior activities outside of the Advisory Board, which is why they're on the board because they can bring their experience from the outside into the board so we have, you know, a wide array of views as to what is going on in the senior community.

**LEG. ALDEN:**

And they've expressed a desire to extend their service?

**MS. RHODES • TEAGUE:**

Yes.

**LEG. ALDEN:**

Great.

**CHAIRMAN STERN:**

Okay. We have a motion on the •• and then we have a second. All in favor? All opposed? **(Vote: 6/0/0/0)**

Introductory Resolution ***1379, Approving the reappointment of Chestene Coverdale as a member of the Senior Citizens Advisory Board.*** Motion to approve.

**LEG. EDDINGTON:**

Motion.

**CHAIRMAN STERN:**

Motion by Legislator Eddington. Second?

**LEG. MYSTAL:**

Second.

**CHAIRMAN STERN:**

Second by Legislator Mystal. All in favor? All opposed? **(Vote: 6/0/0/0)**

Introductory Resolution ***1380 Approving the reappointment of Blanche Mulholland as a member of the Senior Citizens Advisory Board.***

Motion to approve.

**LEG. KENNEDY:**

I'll make the motion.

**CHAIRMAN STERN:**

Motion by Legislator Kennedy.

**LEG. ALDEN:**

Second.

**CHAIRMAN STERN:**

Second by Legislator Alden. Approved. Opposed? **(Vote: 6/0/0/0)**

Introductory Resolution ***1396 Designating Veterans Organizations to receive funding For Memorial Day observances.*** Counsel?

**MR. NOLAN:**

This is the \$7,500 that goes to veterans groups for Memorial Day observances. The resolution that's been introduced designates two groups. The Veterans Service Agency and Legislator Stern's office is advised the list should be much broader. I have circulated a list to all the members of the committee which lists probably 13 or 14 organizations who are eligible to receive funding for Memorial Day observances.

What I suggest to the committee is that we table this resolution but I'd like to get a sense that the committee is good with the group of organizations you have before you. We'll proceed either by procedural motion for the funding or seek a CN from the County Executive's Office to have a more inclusive list of veterans organizations.

**LEG. KENNEDY:**

Mr. Chair?

**CHAIRMAN STERN:**

Legislator Kennedy.

**LEG. KENNEDY:**

I was the sponsor of this resolution last year, as a matter of fact. It raised the amount to the \$7500 level and we had extensive debate about it last year as far as the actual mechanism for veterans organization to go ahead and access this. At that time we were advised that it was a simple request

and application process, I guess, that would be effectuated through BRO and I also believe through some contact with the Veterans Office.

I have no objections to specifying groups, and I have taken a look at the list that's just been presented here. My only concern is, is that the intent of the legislation last year was to go ahead and make this funding available for any and all groups. I don't know if this is, you know, a comprehensive list of all veterans organizations that we have here in the County. So I wouldn't by omission want to exclude another involved group. Maybe if our Director of Veterans Affairs can go ahead and speak to that.

**CHAIRMAN STERN:**

Tom, do you want to step up?

**MR. RONAYNE:**

That was exactly the reason why we had asked to expand the list. I'm not entirely clear on whether we need to specifically identify by name the organizations or if we can simply include language that would somehow in a broader stroke allow any, however you want to, you know, identify these organizations whether they be Congressionally chartered, national veterans services organization, whether they be simply registered not•for•profit veterans service organizations. I'm not sure what the criteria would need to be. But we do agree that by this omission we didn't want to exclude anybody from being eligible for this.

**CHAIRMAN STERN:**

Mr. Presiding Officer.

**PRESIDING OFFICER LINDSAY:**

This is the money for the flags at the two national cemeteries at the grave sites.

**LEG. KENNEDY:**

No.

**PRESIDING OFFICER LINDSAY:**

No, it isn't?

**LEG. KENNEDY:**

Other than the national cemetery. Veterans and private cemeteries.

**PRESIDING OFFICER LINDSAY:**

Okay. We used to do the flags at the two national cemeteries. That's what this original appropriation started out as.

**MR. NOLAN:**

I think it does include the •• it does include Calverton and Pinelawn as well.

**PRESIDING OFFICER LINDSAY:**

Okay.

**MR. NOLAN:**

It does, yes. But it's not just for that.

**PRESIDING OFFICER LINDSAY:**

I mean, I at one point sponsored this resolution as well a couple of years and I don't •• I don't remember us designating a particular organization. I know we appropriated money for observances on Memorial Day and I really thought the bulk of it went to flags at the two national cemeteries.

**MR. RONAYNE:**

I think that that probably is true, but there also is language in the legislation that speaks to placements of flags at cemeteries throughout Suffolk County, regardless of whether they are part of the national cemetery service or not.

**LEG. KENNEDY:**

And, through the Chair, I guess, just to add to the dialogue, I think that was one of the elements that was involved last year, as a matter of fact, when we did the expansion, we increased the amount of the appropriation. And we also carotided in that additional language that it would allow for a placement for veterans buried in religious and private cemeteries as well as the two national cemeteries.

**MR. NOLAN:**

That is correct.

**CHAIRMAN STERN:**

Legislator Alden.

**LEG. ALDEN:**

Just two suggestions. One would be we could put general language in that they would be a chartered or some kind of bona fide •• because it could be a state or it could be a federally chartered veterans organization. But we could also leave this open for, I think, in the future, and it was just mentioned to me that you do need a specific name, an authorization for a specific name, in order for BRO or for the •• in this case it would be the Treasurer to cut a check. And I had one other question, though. As far as •  
• who do they apply to, to you for these funds?

**MR. RONAYNE:**

My understanding is that they apply directly to the ••

**LEG. ALDEN:**

BRO?

**MR. RONAYNE:**

To their Legislator.

**LEG. ALDEN:**

Okay. Oh, so it would be through the legislative offices?

**MR. RONAYNE:**

My office ••

**MR. NOLAN:**

The funding is coming through the Legislature budget. I believe it does go through BRO.

**LEG. ALDEN:**

Okay.



**LEG. MYSTAL:**

They apply to us physically.

**LEG. ALDEN:**

So it might be incumbent, then, if BRO can come in and just speak to this, for them to do a voucher. Well, George can speak to it, too. Does it have to have a specific name on it?

**LEG. MYSTAL:**

Yes.

**LEG. ALDEN:**

It can't just say to a, you know, a bona fide ••

**MR. NOLAN:**

I would have to check with the Budget Review Office, but I would think you would need to identify groups that are going to get the funding.

**LEG. ALDEN:**

Yeah, maybe they could just come in and testify, too, as far as who's applied for the funding in the past. And I think it's incumbent on us to develop a comprehensive list.

**CHAIRMAN STERN:**

Bill.

**PRESIDING OFFICER LINDSAY:**

This is all well and good, but, you know, we're in spring and I would hate to see us •• you know, a couple of times we kind of dropped the ball on this and had to address it at the eleventh hour via CN.

**LEG. ALDEN:**

My suggestion would be to pass this ••

**PRESIDING OFFICER LINDSAY:**

Let's move it.

**LEG. ALDEN:**

•• with this list, the expanded list, and then just make sure that there wasn't some other organization that had applied for and we could, you know, not stick their name in, but we could also include them.

**PRESIDING OFFICER LINDSAY:**

That's sounds good.

**CHAIRMAN STERN:**

Budget Review.

**MS. DONNAN:**

Hi. Is this on? Okay. I'm Verna Donnan and I'm the analyst that handles the Veterans and Seniors Committee. If you tell me what you would like, I will look into it.

**LEG. ALDEN:**

Here would be the question. If you could give us a list of any veterans organization that has been funded by the Legislature, and then we'll include them on the list and that would take care of, you know, past requests. And then going forward, we can do a due diligent search to see if there is any other organizations out there that we might not be, you know, familiar with and then we can include them in a list, too.

**MS. DONNAN:**

Okay. So who's received and who else we can include?

**LEG. ALDEN:**

And any type of grant or any type of, you know, government funds in the past, that they are a bona fide service organization, veterans or service organization.

**MS. DONNAN:**

Okay.

**CHAIRMAN STERN:**

Tom, have you seen the list that has been circulated among committee members?

**MR. RONAYNE:**

I believe •• if it's the list that Debbie provided, I submitted that list.

**CHAIRMAN STERN:**

Okay. And you've had the opportunity to review it, obviously, you prepared it. Are you aware of any organizations within the County that should be included on this list that have been left off for some reason?

**MR. RONAYNE:**

If you see the note that I wrote, I have a handwritten note on the bottom of that page. By the end of today we will have a completely comprehensive list submitted to you. I think that there probably are one or two that have been missed on the list that I submitted, but in the interest of expediency we got over whatever we were able to. We are going to make sure that the list is complete and that will be to your office by the end of today.

**CHAIRMAN STERN:**

Counsel.

**MR. NOLAN:**

If it's the wish of the Legislature, this committee, once I have that complete list, that's the list that will be included in the resolution.

**LEG. ALDEN:**

Good.

**CHAIRMAN STERN:**

All right. So we can approve what we have before us.

**MR. NOLAN:**

There's really nothing before you to approve. Just that that's the general sense of the committee.

**LEG. ALDEN:**

Do you want to discharge without recommendation and then amend it? Is that better or?

**MR. NOLAN:**

We can't really •• we can't amend it if it's •• we're going to have to go by either CN or do it by procedural motion. Okay?

**CHAIRMAN STERN:**

Procedural motion, CN. Okay. So, what are we going to do here?

**MR. NOLAN:**

Just if that's what the committee ••

**CHAIRMAN STERN:**

Counsel?

**MR. NOLAN:**

I think I have a sense of what committee wants to do now. We'll get the most inclusive list through Veterans Service Agency. We'll prepare a procedural motion or try to get a CN, either way, to have this before the Legislature on Tuesday. Okay?

**LEG. ALDEN:**

Good.

**CHAIRMAN STERN:**

Okay. So, we'll take a motion to table, then, on this resolution.

**LEG. MYSTAL:**

Mr. Chair.

**CHAIRMAN STERN:**

Legislator Mystal.

**LEG. MYSTAL:**

I wouldn't want to table it. I want to approve it and wait for the CN.

**LEG. ALDEN:**

Then we'll discharge it.

**LEG. MYSTAL:**

Yeah. And we'll discharge it.

**MR. NOLAN:**

This resolution has a very •• only has two groups on it.

**LEG. MYSTAL:**

Oh, okay.

**MR. NOLAN:**

And we cannot amend it and have it eligible to vote on Tuesday.

**LEG. MYSTAL:**

Okay.

**MR. NOLAN:**

So I would suggest tabling it for the time being.

**LEG. MYSTAL:**

Okay.

**LEG. ALDEN:**

I'll make the motion.

**LEG. MYSTAL:**

I'll second it.

**CHAIRMAN STERN:**

Motion by Legislator Alden, second by Legislator Mystal. All in favor? All opposed? **(Vote: 6/0/0/0)**

**LEG. MYSTAL:**

We're going to get a CN. We're going to do a CN for it.

**LEG. ALDEN:**

Actually, probably the procedural motion is more appropriate because it's our funds that we're spending.

**CHAIRMAN STERN:**

But this will be before the Legislature on Tuesday. I'm assured by counsel this will be on the agenda for us on Tuesday.

**LEG. MYSTAL:**

Yes, one way or the other.

**CHAIRMAN STERN:**

Yes. Okay.

Our next Introductory Resolution ***1398 (Authorizing an amendment between the Office for the Aging and The Gerald J. Ryan Outreach Center, Inc.).***

**LEG. MYSTAL:**

Motion to approve. This is just a correction so the center can use the van •• the van for other things besides just transporting. It's not new money or anything like that.

**CHAIRMAN STERN:**

Okay. Motion by Legislator Mystal, second by Legislator Alden. All in favor? All opposed? **(Vote: 6/0/0/0)**

## **MEMORIALIZING RESOLUTIONS**

**CHAIRMAN STERN:**

Next on the agenda, Memorializing Resolutions. Memorializing Resolution Number 10. ***M. 010 (Memorializing Resolution requesting State of New York to amend the Real Property Tax Law for Eligible Reservists).*** Motion to approve.

**LEG. ALDEN:**

Motion to approve.

**CHAIRMAN STERN:**

Motion by Legislator Alden, second by Legislator Eddington. All in favor? All opposed? **(Vote: 6/0/0/0)**

**PRESIDING OFFICER LINDSAY:**

Renee, list me as a co•sponsor.

**CHAIRMAN STERN:**

Everybody, all around.

Memorializing Resolution 12. ***M.012 (Memorializing Resolution requesting the United States Congress to enact the "Reverse Mortgages to Help America's Seniors Act")***. That we just learned about. Motion to approve.

**LEG. EDDINGTON:**

Here.

**CHAIRMAN STERN:**

Motion by Legislator Eddington. Second?

**LEG. MYSTAL:**

Second.

**CHAIRMAN STERN:**

Second by Legislator Mystal. All in favor? All opposed? Abstentions? **(Vote: 6/0/0/0).**

**LEG. MYSTAL:**

Co.

**PRESIDING OFFICER LINDSAY:**

List me as co•sponsor.



**CHAIRMAN STERN:**

All around.

**LEG. MYSTAL:**

Apple pie.

**CHAIRMAN STERN:**

Memorializing Resolution 14. ***M. 014 (Memorializing Resolution in support of New York State Senate Bill S. 06622 and New York State Assembly Bill A. 09470).*** Motion to approve.

**LEG. EDDINGTON:**

Motion.

**CHAIRMAN STERN:**

Motion by Legislator Eddington. Second?

**LEG. MYSTAL:**

Second.

**CHAIRMAN STERN:**

Legislator Mystal. All in favor?

**LEG. ALDEN:**

Mr. Chairman? What is that for, though?

**MR. NOLAN:**

The State legislation would give local governments the option to offer senior citizens a reduction of up to \$750 in their real property taxes in exchange for performing volunteer services.

**LEG. ALDEN:**

Oh, very good.

**CHAIRMAN STERN:**

In fact, that was the other legislation spoke to by Mr. Arfin during the public portion. We have a motion out there?

**LEG. MYSTAL:**

Renee, apple pie.

**MR. NOLAN:**

I think you had a motion.

**CHAIRMAN STERN:**

Yeah, we have a motion. All in favor? Opposed? Abstentions? **(Vote: 6/0/0/0)**. Co-sponsor, everybody.

**LEG. MYSTAL:**

Apple pie.

**CHAIRMAN STERN:**

Next up Memorializing Resolution 16. ***M. 016 (Memorializing Resolution requesting United States Congress to enact the Medicare Informed Choice Act of 2005)***. Just by way of explanation, this would extend the period of time that seniors would have available to them to respond and to enroll in the Medicare Part D, prescription drug benefit program, which we have all heard about and read about causing serious problems in our senior community for them and for their families. This would extend the period of time to enroll without penalty. Motion to approve.

**LEG. EDDINGTON:**

Here.

**LEG. KENNEDY:**

Just on the motion, or on the issue. The extension, the current deadline is May and this extension would take it through when?

**CHAIRMAN STERN:**

Through November, November 15th. An additional six months.

**LEG. KENNEDY:**

But the bill, then, in essence is just to go ahead and extend time. It does not go in and alter the provisions of the act at this point?

**CHAIRMAN STERN:**

Correct.

**LEG. KENNEDY:**

Okay. Thank you.

**CHAIRMAN STERN:**

Motion to approve. Legislator Eddington. Second?

**LEG. MYSTAL:**

I'll second it.

**CHAIRMAN STERN:**

Legislator Mystal. All in favor? All opposed? **(Vote: 6/0/0/0)**

**LEG. MYSTAL:**

Co.

**CHAIRMAN STERN:**

Co•sponsors. Apple pie.

**LEG. MYSTAL:**

Yeah, apple pie.

**CHAIRMAN STERN:**

Very good. Any other business? New business? Old business?

**LEG. EDDINGTON:**

Motion to adjourn.

**CHAIRMAN STERN:**

Motion to adjourn.

**LEG. MYSTAL:**

Second.

**CHAIRMAN STERN:**

Second. Adjourned.

**(THE MEETING CONCLUDED AT 10:19 AM)**

**\\_ \\_ DENOTES SPELLED PHONETICALLY**